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SAPC-10446
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15 NOV 1956

MEMORANDUM FOR THE RECORD:

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SUBJECT: Definitive Contract No. BC-200, Hycon Manufacturing Company, Pasadena, California - Project [REDACTED] (AQUATONE)

1. This memorandum contains a recommendation submitted for the approval of the Director of Central Intelligence. Such recommendation is contained in paragraph 7.

2. Definitive Contract BC-200 replaces Letter Contract No. BC-200 which was approved by the Director of Central Intelligence on 28 June 1956, and Amendment No. 1 thereto which provided for an advance payment of \$250,000.00. Amendment No. 1 was approved by the Deputy Director (Support) on 19 July 1956.

3. Letter Contract No. BC-200 provided for the production and delivery of eight "B" cameras of the type previously procured for the project. In addition, it provided for the production and delivery of three "A-2" and three "B" cameras for the Department of the Air Force again, of the type previously procured for the project.

4. Agency requirements for the "B" cameras have been reduced by 3 units. The Air Force, however, has increased their requirements by 3 units for the "B" cameras. Therefore, the total number of "B" cameras being procured remains as originally contemplated by the Letter Contract.

5. The definitive contract is a fixed-price-type subject to price redetermination upward or downward upon completion of the work. The target price is \$1,848,178.89 with a ceiling price of \$2,017,736.59. More realistic estimates of contract costs were realized as decisions were made as to the quantities required for associated equipments, spare parts, ground handling equipment, test equipment, special tools. Also, an additional item for overhaul spares for one year was added. Accordingly, the definitive contract sets forth a ceiling price of \$2,017,736.59 or additional funds in the amount of \$477,736.59 to be obligated. The funds for the definitive contract are summarized as follows:

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Letter Contract obligated.

FY 56 AQUATONE Funds chargeable
to Project [] in the amount

of \$ 1,040,000.00

Target Amount of Definitive

Contract chargeable to FY 56

AQUATONE Funds, Project [] \$ 800,892.40

Amount for price redetermination

upward, if any, chargeable to

AQUATONE Funds, Project [] (44%) 74,605.39

Total of Definitive Contract

for AQUATONE \$ 875,497.79

Amount estimated for Item No. 9

of Schedule I which is not included

in the Definitive Contract but will

be added by Amendment No. 1 \$ 7,000.00

Amount available for liquidation of

previous FY 56 obligation \$ 157,502.21

Letter Contract obligated.

Appropriation 21x6889 for

Project [] Funds trans-

ferred from the Department of

Air Force \$ 500,000.00

Target Amount of Definitive

Contract chargeable to Depart-

ment of Air Force. Approp.

21x6889 \$1,047,286.49

Amount for Price Redetermination

upward, if any, chargeable to

Department of Air Force. Approp.

21x6889(56%) 94,952.31

Total of Definitive Contract for

Department of Air Force \$1,142,238.80

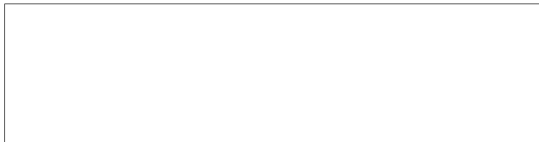
Additional amount chargeable to

Air Force Approp. 21x6889 642,238.80

6. A memorandum to the Comptroller signed by the Director of Central Intelligence certified that in accordance with the provisions of Section 10(b) of Public Law No. 110 that a sum not to exceed \$2,500,000.00 was available for Contract No. BC-200.

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25X1 7. Approval of Definitive Contract No. EC-200 and execution thereof on behalf of the Agency by the authorized Project Contracting Officer is recommended.



RICHARD M. BISSELL, JR. /
SA/PC/DCI - Project Director

25X1 CONCURRENCES:



General Counsel



Comptroller

11/16/56

Approval requested in paragraph 7,
above, granted.

DIRECTOR OF CENTRAL INTELLIGENCE